



## **PRESS RELEASE**

### **DIVESTCO REPORTS 14<sup>th</sup> CONSECUTIVE PROFITABLE QUARTER**

May 10, 2007, Calgary, AB (TSX: DVT) – Divestco Inc. (“Divestco” or the “Company”) is pleased to announce its operating results for the three months ended March 31, 2007. Divestco generated revenue of \$26.8 million for the first quarter of 2007, an increase of \$7.2 million (37%) from \$19.6 million for the same period in 2006. Earnings before interest, taxes and amortization (“EBITDA”) were \$12.8 million, a \$0.6 million (5%) increase over the same period in 2006. The Company generated funds from operations of \$5.7 million for the first quarter, a decrease of \$6.1 million (52%) as compared to \$11.8 million for the same period in 2006.

Divestco earned \$4.1 million (11 cents per share – diluted) in net income for the first quarter of 2007 compared to \$3.6 million in 2006 (11 cents per share – diluted). Excluding an accrual of discretionary salary and benefit expenses (historically accrued in subsequent quarters) and one-time severance costs which totaled approximately \$1.4 million, the Company would have earned approximately 14 cents per share – diluted for the first quarter of 2007.

Due to heavy snow pack in certain regions of Alberta and British Columbia, a number of contracted seismic surveys expected to be completed in the first quarter were rescheduled for completion later in the year, weather permitting. Accordingly the revenue associated with these programs is expected to be realized in subsequent quarters in 2007 of approximately \$7 million.

Excluding the current portion of deferred revenue of \$7.2 million (December 31, 2006 – \$11.6 million), Divestco exited the quarter with a \$14 million working capital deficiency compared to positive a \$0.6 million at the end of 2006. The working capital deficiency is mainly attributed to \$6.4 million in current taxes payable associated with the Company’s limited partnership and the funding a number of 3D seismic surveys in the first quarter with short-term debt. As announced on April 20, 2007, Divestco entered into a new \$60 million financing arrangement with Wells Fargo Financial Corporation Canada (WFFCC). The Company replaced its previous operating and term credit facilities with five-year committed revolving and term facilities which will be classified as long-term liabilities on the Company’s balance sheet. The Company now has the appropriate structure in place to match the acquisition of long-term assets with long-term debt and expects the working capital deficiency to be rectified on a go forward basis.

<b>Financial Results (Thousands, Except Per Share Amounts)</b>			
	<b>Quarter Ended March 31</b>		
	<b>2007</b>	2006	<i>% Change</i>
Revenues	<b>\$ 26,793</b>	\$ 19,605	37%
Operating Expenses	<b>14,041</b>	7,413	89%
EBITDA	<b>12,752</b>	12,192	5%
Interest	<b>289</b>	193	50%
Depreciation and Amortization	<b>6,318</b>	6,836	-8%
Operating Income	<b>6,145</b>	5,163	19%
Other Income	<b>(20)</b>	278	N/A
Income Tax Expense	<b>2,054</b>	1,850	11%
Net Income	<b>\$ 4,071</b>	\$ 3,591	13%
Per Share - Basic	<b>0.11</b>	0.12	-8%
Per Share - Diluted	<b>0.11</b>	0.11	0%
Funds from Operations	<b>\$ 5,662</b>	\$ 11,751	-52%
Per Share - Basic	<b>0.16</b>	0.39	-59%
Per Share - Diluted	<b>0.15</b>	0.37	-59%
Shares Outstanding	<b>35,747</b>	30,982	15%
Weighted Average Shares Outstanding			
Basic	<b>35,451</b>	30,301	17%
Diluted	<b>36,568</b>	31,867	15%

### **Q1 Operational Highlights**

- \$3.5 million (139%) increase in Services revenue related mainly to the purchase of the Seismic Processing Division (Geo-X) in May 2006.
- \$2.2 million (145%) increase in Consulting revenue primarily resulting from Cavalier Land acquisition in the third quarter of 2006.
- \$1.3 million (10%) increase in Data revenue related to the Company delivering 3D seismic data survey coupled with significant data library sales.

Mr. Stephen Popadynetz, CEO of Divestco commented: "I am pleased to report our first quarter results of 2007 to our shareholders, Board and employees. Our business model continues to produce positive results and our shareholders have been rewarded with our fourteenth consecutive profitable quarter. I look forward to continued growth, innovation and profitability as we move through 2007."

## Segment Review Summary

For the three months ended March 31, 2007 (Thousands)						
	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	\$ 1,828	\$ 6,147	\$ 15,130	\$ 3,688	\$ -	\$ 26,793
EBITDA	594	1,183	13,252	509	(2,786)	12,752
Interest	-	-	48	(8)	249	289
Depreciation and amortization	385	392	5,184	315	42	6,318
Operating Income	208	791	8,022	202	(3,078)	6,145

For the three months ended March 31, 2006 (Thousands)						
	Software	Services	Data	Consulting	Corporate & Other	Total
Revenue	\$ 1,676	\$ 2,569	\$ 13,775	\$ 1,503	\$ 82	\$ 19,605
EBITDA	730	796	12,114	(133)	(1,315)	12,192
Interest	-	-	11	-	182	193
Depreciation and amortization	268	141	6,382	11	34	6,836
Operating Income	462	656	5,722	(144)	(1,533)	5,163

### Subsequent Events

On April 20, 2007, the Company closed a \$60 million bank facility with WFFCC. The bank facilities are committed with a five-year maturity from the closing date. In addition to replacing the Company's existing senior and term debt providers, the increased credit facilities will give Divestco more flexibility in achieving its future growth initiatives.

The WFFCC bank facilities are secured by a first floating charge on all the Company's assets. The facility is subject to the Company meeting certain financial covenants. The Company is currently in compliance with all WFFCC required financial covenants.

On May 3, 2007, the Company closed its Plan of Arrangement (the Arrangement) with BlueGrouse Seismic Solutions Ltd. (BlueGrouse). Pursuant to the Arrangement, BlueGrouse shareholders will receive 0.3125 Divestco shares for each BlueGrouse share held.

Divestco Inc.  
Consolidated Balance Sheets

As at	Mar 31, 2007	Dec 31, 2006
<b>(Thousands - Unaudited)</b>		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,032	\$ 1,437
Accounts receivable	23,256	21,875
Prepaid expenses, supplies and deposits	1,180	923
Investment tax credits recoverable	-	651
	25,468	24,886
<b>Long-term accounts receivable</b>	420	560
<b>Investment in affiliated company</b>	71	68
<b>Data libraries</b>	76,314	71,201
<b>Participation surveys in progress</b>	7,554	2,721
<b>Property and equipment</b>	5,972	6,069
<b>Deferred development costs</b>	3,276	2,877
<b>Deferred finance costs</b>	-	323
<b>Intangible assets</b>	15,119	15,719
<b>Goodwill</b>	8,518	8,518
	\$ 142,712	\$ 132,942
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Bank indebtedness	\$ 9,394	\$ 6,451
Accounts payable and accrued liabilities	20,485	14,147
Income taxes payable	6,362	345
Current portion of deferred revenue	7,191	11,603
Current portion of long-term debt obligations	3,196	3,295
	46,628	35,841
<b>Deferred revenue</b>	203	260
<b>Long-term debt obligations</b>	5,751	6,636
<b>Future income taxes</b>	7,827	12,968
	60,409	55,705
<b>Shareholders' Equity</b>		
Equity instruments	47,689	46,854
Contributed surplus	2,168	2,008
Retained earnings	32,446	28,375
	82,303	77,237
	\$ 142,712	\$ 132,942

## Divestco Inc.

## Consolidated Statements of Income, Comprehensive Income and Retained Earnings

(Thousands, except per share amounts - Unaudited)	For the three months ended	
	March 31	
	2007	2006
<b>Revenue</b>	\$ 26,793	\$ 19,605
<b>Operating expenses</b>		
Salaries and benefits	9,572	4,695
General and administrative	4,092	2,589
Stock compensation expense	377	129
	14,041	7,413
<b>Interest expense</b>	289	193
<b>Depreciation and amortization</b>	6,318	6,836
<b>Other income</b>	(20)	278
<b>Income before income taxes</b>	6,125	5,441
<b>Income taxes</b>		
Current	7,195	405
Future (recovery)	(5,141)	1,445
	2,054	1,850
<b>Net income and comprehensive income for the period</b>	4,071	3,591
Retained earnings, beginning of period	28,375	8,760
<b>Retained earnings, end of period</b>	\$ 32,446	\$ 12,351
<b>Earnings per share</b>		
Basic	\$ 0.11	\$ 0.12
Diluted	\$ 0.11	\$ 0.11
<b>Weighted average number of shares</b>		
Basic	35,451	30,301
Diluted	36,568	31,867

Divestco Inc.  
Consolidated Statements of Cash Flows

(Thousands - Unaudited)	For the three months ended March 31	
	2007	2006
<b>Cash flows from operating activities</b>		
Net income for the period	\$ 4,071	\$ 3,591
Items not affecting cash:		
Equity investment loss	4	8
Depreciation and amortization of data libraries, property and equipment and intangibles	6,094	6,703
Amortization of deferred development costs	224	133
Accretion of deferred finance costs	22	22
Future income taxes	(5,141)	1,445
Gain on sale of investment securities	-	(279)
Unrealized foreign exchange loss (gain)	11	(1)
Stock compensation expense	377	129
	<b>5,662</b>	<b>11,751</b>
Changes in non-cash working capital balances	1,820	15,849
Decrease in non-current deferred revenue	(58)	(69)
Increase (decrease) in long-term accounts receivable	140	-
	<b>7,564</b>	<b>27,531</b>
<b>Cash flows from financing activities</b>		
Bank indebtedness	2,943	866
Advances to affiliated company	(7)	-
Issue of common shares, net of related expenses	618	2,440
Repayment of long-term debt obligations	(683)	(661)
	<b>2,871</b>	<b>2,645</b>
<b>Cash flows from investing activities</b>		
Purchase of data libraries	(10,154)	(13,800)
Increase in participation surveys in progress	(4,832)	(22,791)
Purchase of property and equipment	(356)	(306)
Purchase of investment securities	-	(109)
Proceeds on sale of investment securities	-	1,108
Deferred development costs	(623)	(369)
Changes in non-cash working capital balances	5,136	7,108
	<b>(10,829)</b>	<b>(29,159)</b>
<b>Foreign exchange loss on cash held in a foreign currency</b>	<b>(11)</b>	<b>(6)</b>
<b>Increase in cash and cash equivalents</b>	<b>(405)</b>	<b>1,011</b>
Cash and cash equivalents, beginning of period	1,437	1,382
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,032</b>	<b>\$ 2,393</b>

Divestco is an innovative software, data, services, brokerage and consulting company providing integrated solutions for the oil and gas industry. By implementing a strategy of integration between our software, services, and datasets, and potentially all three together, we are creating a unique set of offerings. Divestco is headquartered in Calgary, Alberta, Canada and trades on the TSX under the symbol "DVT".

**For more information please contact:**

**Divestco Inc.**

(www.divestco.com)

Mr. Stephen Popadynetz  
Chief Executive Officer  
Tel 403-218-6466

Mr. Roderick Chisholm  
Chief Financial Officer  
Tel 403-218-6450

*The TSX has not reviewed nor accepts responsibility for the adequacy or accuracy of this news release.*

*Statements in this document that may be considered forward-looking are based on management's current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated.*

*“Working Capital”; Earnings before interest, taxes, depreciation and amortization (“EBITDA”); “operating income”; “funds from operations”, and “funds from operations per share (basic and diluted)” are not measures that have any standardized meaning prescribed by Canadian GAAP and are considered non-GAAP measures. Therefore, these measures may not be comparable to similar measures presented by other issuers. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding the Company’s results, liquidity, and its ability to generate funds to finance its operations.*

*Management believes that in addition to net income, EBITDA and operating income are useful supplemental measures for providing an indication of the results generated by the Company’s principle business activities prior to the consideration of how those activities are financed or how the results are taxed. Management also utilizes funds from operations and funds from operations per share – basic and diluted as key measures to assess the ability of the Company to finance operating activities and capital expenditures.*

*Non-GAAP measures are calculated as follows:*

*Working capital: current assets less current liabilities*

*EBITDA: earnings before interest, income taxes, depreciation and amortization*

*Operating income: EBITDA less interest, depreciation and amortization*

*Funds from operations: cash flow from operating activities as prescribed by Canadian GAAP, but excluding the impact of items not affecting cash*